



What is Chapter 11?

Chapter 11 of the U.S. Bankruptcy Code is a legal mechanism for court supervised reorganization for restructuring of the company's obligations. Chapter 11 provides a way for companies to address their financial issues in order to become a viable entity, while continuing day-to-day operations.

Why did Magnetation LLC and its direct subsidiaries file for protection under Chapter 11 of the U.S. Bankruptcy Code?

Magnetation LLC and its direct subsidiaries took this step only after very careful consideration and consultation with experienced financial and legal experts. The Company decided that this would be the most effective path for it to protect the value of its assets for the benefit of its creditors and other stakeholders. Magnetation has obtained the agreement of its senior secured lenders to provide for the liquidity it requires to operate in the normal course of business while under the protection of Chapter 11.

Does this mean that Magnetation or its subsidiaries are going out of business?

No. Magnetation filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code in order to address its immediate liquidity needs. The Company will operate in a “business as usual” mode during the Chapter 11 process. Going forward, suppliers will be paid under normal terms for all goods and services provided after the filing.

Does Magnetation have enough cash to stay in business?

Yes. In fact, the Company has lined up and sought approval for a consensual arrangement with its senior secured lenders where it will be able to use sufficient amounts of its cash constituting its lenders’ cash collateral to maintain normal business operations during the Chapter 11 process. Once the Court approves this cash collateral use arrangement, these additional funds will be available to provide necessary liquidity to continue normal business during this process.

How long will the Chapter 11 process take?

There is no way to predict today with certainty how long the process will ultimately take.

Which entities are included in the filing?

Please refer to the Company’s restructuring website at: www.donlinrecano.com/mag

Where can I find Chapter 11 case information?

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